

The Goods and Services Tax (GST) system came into effect in India from 1st July 2017. The implementation of this tax system has been one of the most monumental economic reforms in India. This 'one nation, one tax' reform subsumed most of the indirect taxes levied at the center and state levels and brought about uniformity in terms of tax administration. Let's take a look at the advantages of GST. Register your business and get [GST registration services in Jaipur](#).

### Components of GST

Taxes applicable under the Goods and Services Tax.

- **State Goods and Services Tax (SGST):** Tax levied by the State Government
- **Central Goods and Services Tax (CGST):** Tax collected by the central government
- **Integrated Goods and Services Tax (IGST):** Tax applicable on inter-State supply of goods and services by the central government

The introduction of GST positively influenced the Indian economy. This tax has taken apart the inter-state barriers that hinder trade and has brought the economy together in a single unified market. Manufacturers and traders both benefit from this form of taxation. The end consumers have also greatly benefited from the enforcement of Goods and Services Tax in numerous ways. CA Goyal Mangal provides [GST registration](#) services.

### Advantages of GST Explained in Details

#### 1. Reduced Tax Evasion and Corruption Free Tax Administration

The enforcement of the GST Act has made tax administration transparent and corruption-free. The evasion of tax leads to the outflow of government revenues. This is a significant disadvantage to compliant taxpayers. To curtail evasion of tax, various measures have been undertaken by the authorities:

- Syncing of GST registration and PAN
- Reporting and matching at the invoice level
- Reconciliation of credits
- Generation of e-way bills
- Tracking of movement of goods
- Appointment of GST Commissioner for Investigation
- Directorate General of Analytics and Risk Management

#### 2. Procedural Benefits

- Common procedures for registration
- Lesser tax filings and uniform formats
- Clear and transparent rules
- Ease of bookkeeping
- Lesser revenue leaks and generation of better revenues
- Refund of taxes

- Common tax base
- Universal system of classification of goods and services

### **3. Removal of Cascading Effect**

The pre-GST period saw a cascading effect of taxes, which the implementation of GST eliminated. GST has almost entirely put an end to the tax-on-tax impact on goods and services. By taking in all the indirect taxes under its wing, GST has managed to bring down the cost of goods and services. Thus uniformity of taxes under GST is one of its crucial benefits.

### **4. Technologically Driven**

Being technologically driven, the entire process of registration and filing of returns is accelerated. It also ensures that the process is clean and tax collection is done legitimately. The Gst Portal supports the following activities:

- Registration
- Return filing
- Application for refund
- Response to notices
- Consumer grievances

### **5. Reduced Compliances**

The number of separate compliances is lesser now with GST. Earlier VAT, Excise and Service tax had their own schedules of filing and compliances. These were monthly or quarterly, depending on the nature of holding. GST, however, requires a single return to be filed. There are around 11 returns, 4 out of which are basic returns that all taxable persons need to file.

### **6. Higher Exemption Limit**

The GST Council doubled the exemption limit for the sale of goods to Rs 40 lakhs. The exemption limit for the northeastern states is Rs 20 lakhs. The exemption limit for service providers is Rs. 20 lakhs for all states excluding special states for which it is Rs.10 lakh. With effect from April 1, 2019, the annual turnover for availing Composition Scheme was increased to Rs 1.5 crore from Rs 1 crore. A taxpayer with an annual turnover under Rs 1.0 crore can go for this Composition. For North-Eastern states and Himachal Pradesh, this limit stands at Rs 75 lakh. This scheme relieves small taxpayers from the tedious GST formalities. GST under this system can be paid at a fixed rate of turnover. According to the ***CGST (Amendment) Act, 2018***, which came into force from 1st of Feb, 2019, a dealer under this scheme can supply services up to 10% of the annual turnover, or Rs.5 lakhs, whichever is higher. Under this scheme, a cumulative turnover is taken into consideration of different businesses that are registered under the same PAN number. This move alternating the exemption limit is highly beneficial for small businesses.

### **7. GST and Make In India Campaign**

With the application of GST on imports and a boost to manufacturing with a reduction of unnecessary costs, GST forms the backbone of this initiative. The ease of transaction and the

free flow of goods through the state border with the elimination of commercial check posts is another advantage. By replacing the arbitrary taxation system, the GST model has unified the Indian market. Reduction of the costs of logistics, lesser transit hours, and relief from export taxes and refunds has given a considerable boost to manufacturing.

#### **8. Ease of operation for E-commerce businesses**

Initially, for e-commerce businesses, the supply of goods across the border came under variable tax laws. The delivery trucks crossing borders were required to produce the necessary documents along with the VAT declaration and registration number. Failure to produce the required documents could lead to the confiscation of goods. GST has more or less eradicated all such complications, paving the way for seamless transactions.

#### **Conclusion**

The enforcement of **GST** has brought in a very transparent system to the country that is also corruption-free. The benefits are far-reaching and are not only business-friendly but consumer-friendly as well. This system of taxation has placed the country well in international trade. The Indian market is far more stable now than it ever was. With the application of GST, India is in a much better position in the international markets, which has positively affected the economy.

CA Goyal Mangal & Co. Provides professional [GST registration](#) and all legal services.